

# TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman  
Lynn Greer, Director  
Melvin Malone, Director



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

August 22, 2000

Mr. Brian M. McDermott  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, NW, Suite 300  
Washington, DC 20007-5116

RE: Docket # 00-00713

Dear Mr. McDermott:

By statute CLEC applicants are required to demonstrate their managerial, financial and technical abilities to provide the services for which they seek authority. To assist the Authority in its review of Sigma Networks Telecommunications, Inc. application for a Certificate of Convenience and Necessity to provide a competing facilities-based local service in Tennessee, you are requested to provide the information on the attachment.

Please provide this information by September 11, 2000. If you have any questions concerning this request or need additional information, please call Patsy Fulton at 615-741-2904 ext. 193.

Sincerely,

David Waddell, Executive Secretary

Attachments (2)

Cc: Docket File ✓

POSTED  
8/28/00

**Sigma Networks Telecommunications, Inc.**

**Data Request**

**August 22, 2000**

**General:**

1. On March 10, 2000, the Tennessee General Assembly enacted Public Chapter 586 which amends Tennessee Code Annotated §65-4-125, "Changes in telecommunications service provider - Regulation - Enforcement." Section 3 of this act states as follows:

Section 3. Tennessee Code Annotated, Section 65-4-125, is amended by adding the following as a new, appropriately designated subsection:

j. By September 1, 2000, all telecommunications service providers subject to the control and jurisdiction of the authority, except those owners or operators of public [pay] telephone service who pay annual inspection and supervision fees pursuant to Tennessee Code Annotated, Section 65-4-301(b), or any telecommunications service provider that owns and operates equipment facilities in Tennessee with a value of more than five million dollars (\$5,000,000), shall file with the authority a corporate surety bond or irrevocable letter of credit in the amount of twenty thousand dollars (\$20,000) to secure the payment of any monetary sanction imposed in any enforcement proceeding, brought under this title or the Consumer Telemarketing Protection Act of 1990, by or on behalf of the authority.

Pursuant to the above statute, the following will be due to the Tennessee Regulatory Authority ("TRA"), prior to completing the processing of your application for a Certificate of Public Convenience and Necessity.

1. A corporate surety bond in form and substance similar to the attached form (Sample#1) in the amount of \$20,000; or
2. An irrevocable letter of credit in form and substance similar to the attached form (Sample#2) in the amount of \$20,000; or
3. Documentary evidence that you own and operate equipment facilities in Tennessee worth more than \$5,000,000.

2. Does the Company intend to telemarket its services in Tennessee? If yes, is the company aware of the telemarketing statutes and regulations found in TCA §65-4-401 and Chapter 1220-4-11?

3. Please state if there are any special CPE (Customer Provided Equipment) requirements that would not be compatible with an incumbent carrier.

4. Will the Company require customer deposits?

**Financial:**

1. Please provide projected financial statements inclusive of balance sheets, income statements and statements of cash flow for three consecutive years. We received only proformas for February 29, 2000, Year 1.
2. Please provide a detailed statement of source of capital investment.
3. Please provide how any losses as stated in projections and proformas will be covered over the next three years.
4. Please provide a detailed capital expenditure budget including the type and cost of the equipment to be deployed.
5. Please provide a biography of the key management person responsible for the financial information such as the Chief Financial Officer.